

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 06/07/2012  
**POSITION:** Neutral

**BILL NUMBER:** AB 2682  
**AUTHOR:** Asm Agriculture

### **BILL SUMMARY: Agriculture.**

This bill would: 1) change the designation of the California Science Center space-age museum; 2) change the assessment fee exemption for varieties of olive trees; 3) reclassify kefir as a Class 2 milk product; and 4) make technical changes to the rules governing the California Walnut Commission (Commission).

### **FISCAL SUMMARY**

This bill would have no fiscal impact on the state.

The California Constitution requires the state to reimburse local entities for increased costs associated with any new program or higher level of service imposed by the state on local entities if the Commission on State Mandates determines that the new program or higher level of service is reimbursable and a state mandate. Any local government costs resulting from the mandate in this measure would not be state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

### **COMMENTS**

The Department of Finance is neutral on this bill because it would make olive and milk producers more competitive while maintaining public food safety.

Existing law:

- Allows the California Science Center to establish a space-age museum in its building at Exposition Park in Los Angeles.
- Imposes an annual assessment of 1.0 percent on the gross sales of specified trees and rootstock, but allows the Secretary of the Department of Food and Agriculture to exempt certain species.
- Defines Class 2 market milk as any market milk used in the manufacturing of market cream, sour cream, cottage cheese, soft fresh cheese, buttermilk, and yogurt. Existing law also defines kefir as a fermented milk product.
- Establishes the Commission and renders it inoperative at the end of any marketing year in which federal targeted export assistance funds have been permanently terminated, unless a referendum vote of walnut producers approves its continuation.
- Requires quarterly inspections of all milk product plans that pasteurize milk or milk products, manufacture cheese, or manufacture raw milk cheese.
- Defines a "milk products plant" and excludes from the definition any retail establishment that packages dairy products in the presence of the consumer.

Analyst/Principal (0222) J.Carosone	Date	Program Budget Manager Lisa Ann Mangat	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

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**COMMENTS** (continued)

- Establishes within state government the Dairy Council of California made up of 12 industry production members, 12 handler members, and one member representing the public.
- Requires mandatory fees be collected from all producers and handlers in order to fund the activities of the Dairy Council of California and authorizes a penalty of 10 percent for any unpaid fees.

This bill would:

- Change the characterization of the type of museum that the California Science Center (CSC) may establish from a space-age museum to an air and space center in order to conform with standard language used in the science and space center field and to assist the CSC with fund raising.
- Allow the Secretary to exempt varieties of olive trees producing table olives from a special assessment charge. The assessment is intended only to include olive trees used for producing olive oil.
- Reclassify kefir, a cultured dairy product, from a Class 1 dairy product to a Class 2 dairy product similar to yogurt, sour cream, and buttermilk. This reclassification will allow California kefir manufacturers to be more competitive with out-of-state manufacturers by reducing their cost to produce kefir.
- Delete a reference on a referendum for the dissolution of the Commission based upon the permanent termination of federal targeted export assistance funds and increase the definition of permanent termination from two to three years in order for the Commission to become non-operational.
- Provides that facilities that package dairy products in the presence of consumers or cut, wrap, and package cheese, excluding cottage cheese, for sale at the retail facility are not considered "milk product plants." Currently, any grocery store that cuts or wraps cheese in house is considered a "milk product plant." This bill would exclude retail facilities such as grocery stores from the definition of a "milk product plant."
- Authorizes the Secretary of the CDFA to appoint all members of the Dairy Council of California in order to update and modernize the composition of the council.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA	(Dollars in Thousands)					
	CO	PROP					Fund
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	Code
8570/Food & Ag	SO	No		----- No/Minor Fiscal Impact -----			0001
8885/Comm St Mndt	LA	No		----- See Fiscal Summary -----			0001